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February 11, 2011

Massachusetts Department of Energy Resources
Commonwealth of Massachusetts
100 Cambridge St., Suite 1020,
Boston, MA 02114

To Whom it May Concern,

Thank you for the opportunity to comment on the white paper, "An MPG Rating for Commercial Buildings: Establishing a Building Energy Asset Labeling Program in Massachusetts".

A Better City (ABC) is a nonprofit membership organization that provides the business and institutional leadership essential for ensuring progress and tangible results on transportation infrastructure, land development, and environment that are vital to sustaining and improving the Boston area's economy and quality of life. ABC works to anticipate the challenges facing the region today and into the future. We mobilize the business community and work together with both civic and government sectors to take action. In 2010, ABC launched the Challenge for Sustainability, a voluntary environmental program that works with building owners and businesses to measure their environmental impacts, identify areas for action, set a goal for improvement, and provides assistance to participants for implementing sustainability and energy efficiency measures.

ABC strongly supports the efforts of DOER to lead the Commonwealth down a path of increased promotion and investment in energy efficiency improvements within the commercial real estate sector. However, we caution that any new initiative support both environmental goals and the goals of strengthening economic development opportunities across the state.

We applaud the efforts of the Massachusetts National Governors Association Team in analyzing the issues related to the implementation of an Asset Labeling program alongside that of an operations rating for commercial buildings; the development of a pilot program; and for seeking feedback from the public on its efforts. Of utmost importance is that the Commonwealth not reinvent the efforts of other local, national, and international organizations and/or government agencies in this area. If the Commonwealth moves forward with an asset based labeling initiative, ABC encourages the state to adopt an existing program or labeling system like that of the ASHRAE "Building EQ" program.

However, increasing the cost of doing business in Massachusetts is of an utmost concern to ABC and its membership. While cost management is touched upon in the paper, no solid estimates are provided to determine a ballpark figure for the financial impact the labeling program would have on individual facilities. Based on our coordination with the utilities to provide lighting assessments and whole building assessments to participants in our Challenge for Sustainability, we estimate an average cost for a whole building assessment at \$5,000 - \$25,000 or more depending on the size of the facility. Add in the cost of a post-retrofit assessment and these expenses further increase. While these costs in many cases could be



recouped through savings achieved upon implementation of energy efficiency measures identified, there is no guarantee that those capital investments will happen.

This is a common theme and experience shared by the utilities as they have implemented energy efficiency initiatives over the last 30 years; and as it is a goal of the proposed Asset Labeling Program to have facilities implement energy efficiency improvements based on the assessment performed during the initial visit; further study should be conducted to determine an acceptable conversion rate and/or an acceptable level of lost opportunity.

As well, under the current design of the state's energy efficiency program for facilities larger than 300KW, there is no guarantee that the utility will agree to pay for the maximum allowed subsidy for the items identified through the assessment process, as the utilities perform their own ROI calculations to determine a level of investment based on the projects energy efficiency impacts. So, while a facility may have initial plans to implement the measures identified, their assumption in doing so may be based on the thought that they will receive the highest level of subsidy from the utility; and anything less than that amount will create a barrier to implementation. In order for the Asset Labeling program to be effective in supporting investment in energy efficiency improvements, the state must refine its MassSave program to provide businesses with a clear and predictable incentive program that enables them to know the actual incentive available prior to their investment in an assessment.

In addition, we have concerns regarding the capacity of the utilities to successfully manage a significant uptick in participation in their energy efficiency programs that may be triggered by the full rollout of the Asset Labeling program upon completion of the 2-3 year pilot. How many additional facilities does the state estimate will go through the utility energy efficiency programs each year? What increase in staffing will be necessary for the utilities to serve these customers?

To address the issue of capacity and to further encourage cost reductions through competition, ABC recommends that DOER strongly look at using independent third parties to deliver the asset labeling program through the creation of a certified vendor program that has the state identify approved firms, which individual building owners could then submit requests for proposals from in as open a bidding process as desired. ABC feels that this will not only help control costs, but also spark innovation within the energy efficiency programs, and create new jobs.

A question also looms of what to do with facilities located within the jurisdiction of municipal power companies. These facilities are unable to participate in the state's MassSave program as they do not pay into the program. Would these facilities still be required to participate in the Asset Labeling program?

ABC would support the creation of expedited permitting incentives for building owners willing to participate in the program but since most of the triggers identified in the paper are not associated with a permitting process (sale, lease, and financing) this benefit is not one that would have any significant impact on encouraging facilities to participate. ABC encourages the state to explore additional incentives related to tax credits and fee reductions directly

associated with the property and/or its energy use to provide real incentives to potential participants.

Additionally, the following questions were raised during our review of the white paper.

1. Upon completion of the pilot program, how many commercial and residential buildings are estimated to fall under the requirements (square footage) to determine an asset label for their facility?
2. Who conducts the training and certification of assessors?
3. How will an Asset Labeling program in Massachusetts address the often cited barrier of financing energy efficiency?
4. Who would perform and pay for the exploration of innovative technologies and process mentioned under cost management as a way of streamlining the rating process?
5. Who will manage and oversee the database of asset ratings?
6. What is the significance between the various labeling scores and could there be unintended consequences to a building that may use its energy efficiently yet receives a score that is below the highest level? Will DOER or the state invest in a broad education campaign to ensure decision makers and the public fully understand the true meaning of a labeling system's score?

We greatly appreciate the opportunity to provide feedback on the proposed Asset Labeling program and look forward to working with the Massachusetts NGA Team in further developing and refining the program to best meet the needs of the state and the building owners. We hope that many of the questions and concerns we have raised will be fully addressed prior to the state moving forward with a pilot program. In addition, we strongly encourage the state to expand the existing committee to include additional representatives from the commercial real estate sector and business community to assist and provide feedback to DOER throughout the development, launch, and implementation of the pilot program.

If you have any questions regarding our comments please contact David Straus at 617-502-6246 or dstraus@abettercity.org.

Sincerely,



Rick Dimino
President & CEO